



**Greenville  
Utilities**

# Setting Competitive Electric Rates



Ronald D. Elks  
General Manager/CEO

Presented to:  
Joint Municipal Power Agency Relief Committee  
January 10, 2012

# Overview

- **About GUC**
- **Our Customers**
- **Rate Setting Methodology/Strategy**
- **Competitiveness**
- **Catalyst for Economic Growth**
- **Summary**

# Mission Statement

**Greenville Utilities is dedicated to enhancing the quality of life for those we serve by providing safe, reliable utility services at the lowest reasonable cost, with exceptional customer service.**



# Local Control

- GUC is governed by an eight-member Board of Commissioners made up of local citizens representing the interests of all customers





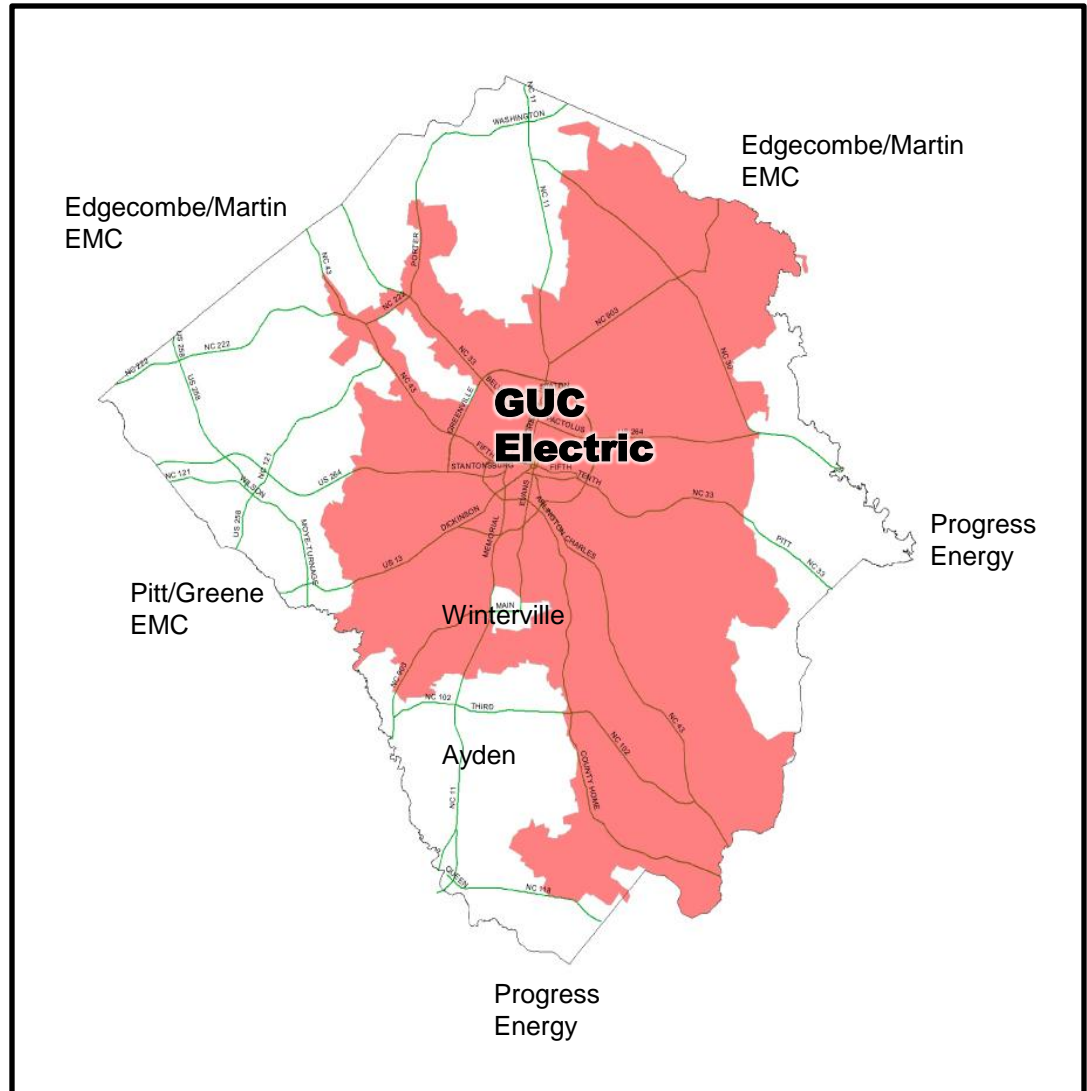
# Our Board ...

- Is the regulatory body for GUC
- Makes decisions that support local needs and values
- Is responsible for approving rates and development plans, setting operating and extension policies, and recommending GUC's annual budget for approval by City Council

# Customer Connections

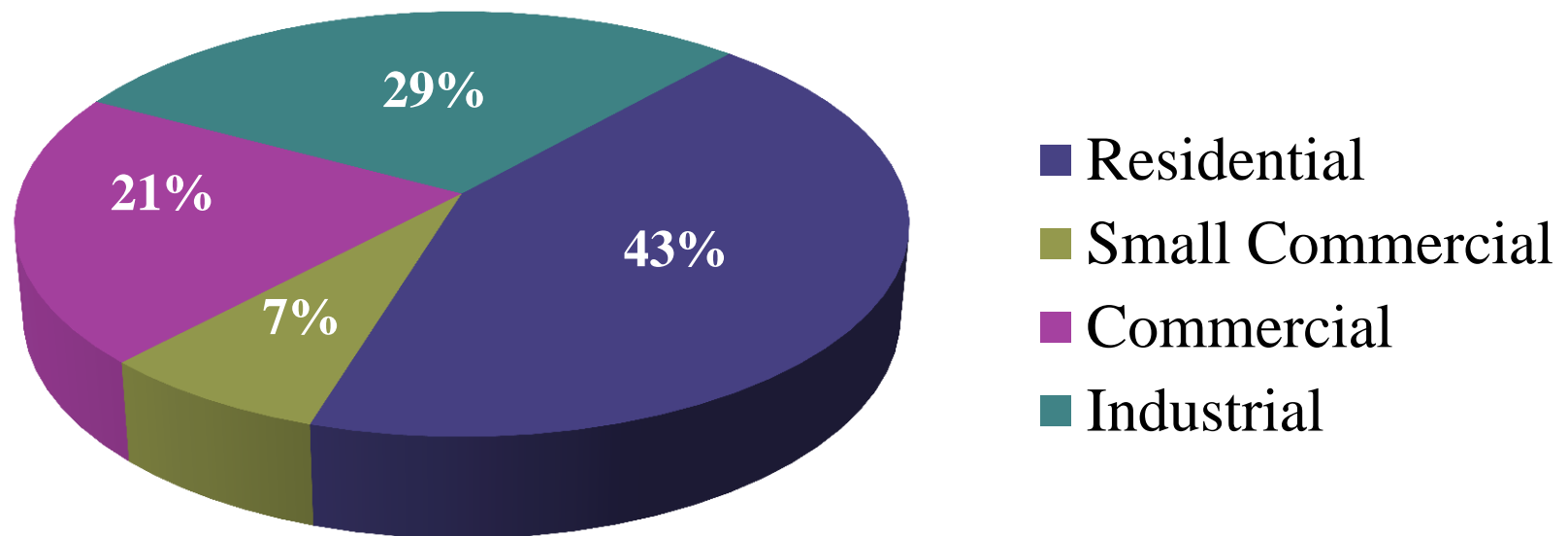
- 64,000 – Electric
- 22,000 – Gas
- 34,250 – Water
- 28,000 – Sewer

Combined total:  
~148,250



# Energy Sales by Customer Type

**kWh Billed**



# **Four Enterprise Funds:**

## ***Separate and Self-Sustaining***

- Electric/water/sewer/natural gas enterprise funds are operated as separate and self-sustaining business units.
- Each enterprise fund stands alone and each is supported by cost-of-service rates and fees.

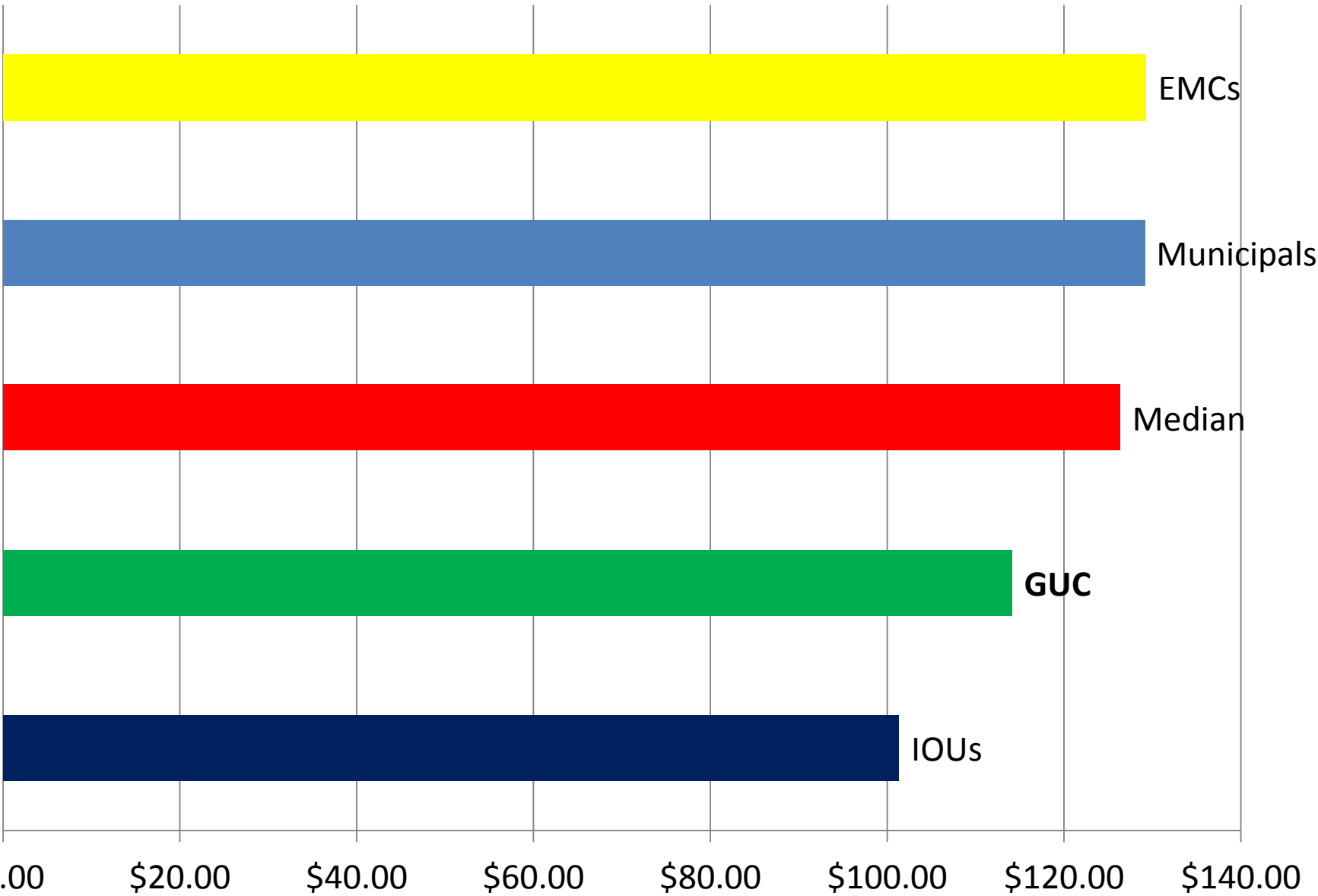


# Cost-of-Service Principles

- The rates for all GUC services are developed on a cost-of-service basis.
- Based on comprehensive rate studies, the actual rate structure is set to recover the costs to serve all customers.
- GUC's policy is to maintain rates at or below the median or midpoint when compared to other regional electric providers.

# Electric: *Winter Bill*

*Typical Residential Customer using 1,000 kWh with LM Credits*



*Updated January 2012*

**Total Bill**

# Competitive Rates

- GUC has been successful in consistently maintaining residential and industrial rates at or below the median of other neighboring and regional providers.

# *Electric:* Where Does Our Dollar Go?

**83¢**

**Purchased Power Costs  
(including NCEMPA debt)**



**17¢**

**Operations/Maintenance,  
System Infrastructure,  
Turnover, Salaries**



# Formal Transfer Agreement with City

- Computation of City Transfer is specified in Chapter 861 of Senate Bill 1069, An Act to Amend and Restate the Charter of the Greenville Utilities Commission of the City of Greenville.
- General fund transfers are computed based on 6% of the Electric and Gas Funds' fixed assets, net of related debt plus 50% of the annual retail cost of service for the City's public lighting.
- Transfers are made to the City only after payment of all debt service.



# Rate Strategy:

## Lowest Reasonable Cost

- Focus on ensuring that our customers pay the lowest reasonable rates, consistent with safe and reliable service.
- GUC has offset past wholesale electric increases through system growth and cost-saving measures such as load management, industrial generation, and other efficiencies.

# Absorbing Increases

- Since 2002, GUC has absorbed:
  - Nearly \$10.5 million in wholesale electric cost increases
  - Nearly \$4.7 million in increased costs for poles, transformers, wire, vehicles, fuel, insurance, labor, etc.
- Last electric base rate adjustment in 1991
  - All increases since that time have been directly attributable to the cost of acquiring power for customers

# Record of Reliability

- GUC continually reinvests in its systems, ensuring consistent, reliable service for all customers.
- For FY2011, overall electric system reliability was 99.996%
- GUC compares favorably with national averages for outage duration and frequency. We rank in the top 10 percent based on industry benchmarking results.

# Catalyst for Economic Growth



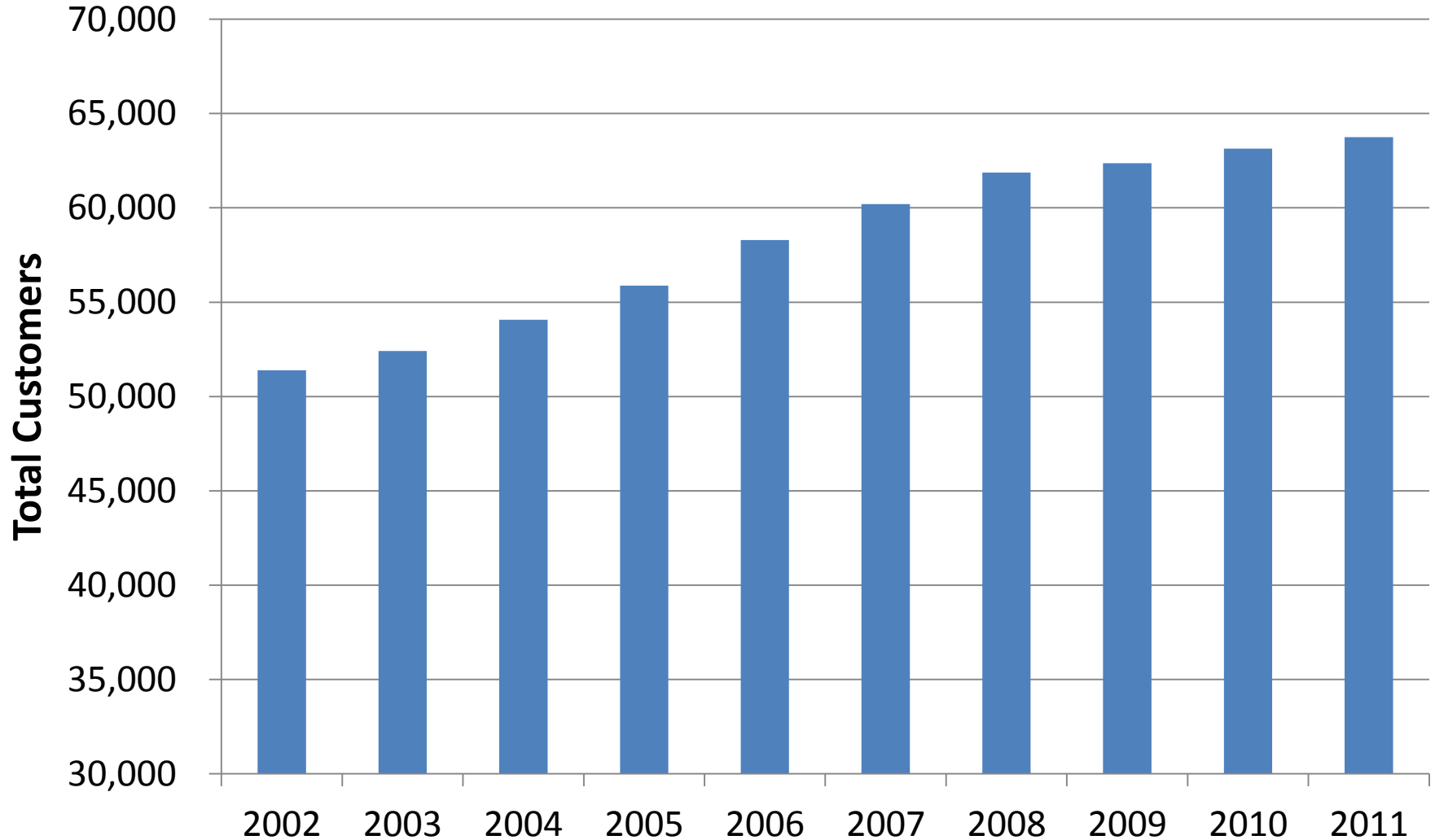
- **Commercial, Industrial & Institutional Customers**
- **Mutual Benefits – Profitability & Sustainability**
- **Key Relationships**
- **Provide Support & Assistance**

# Industrial Requirements

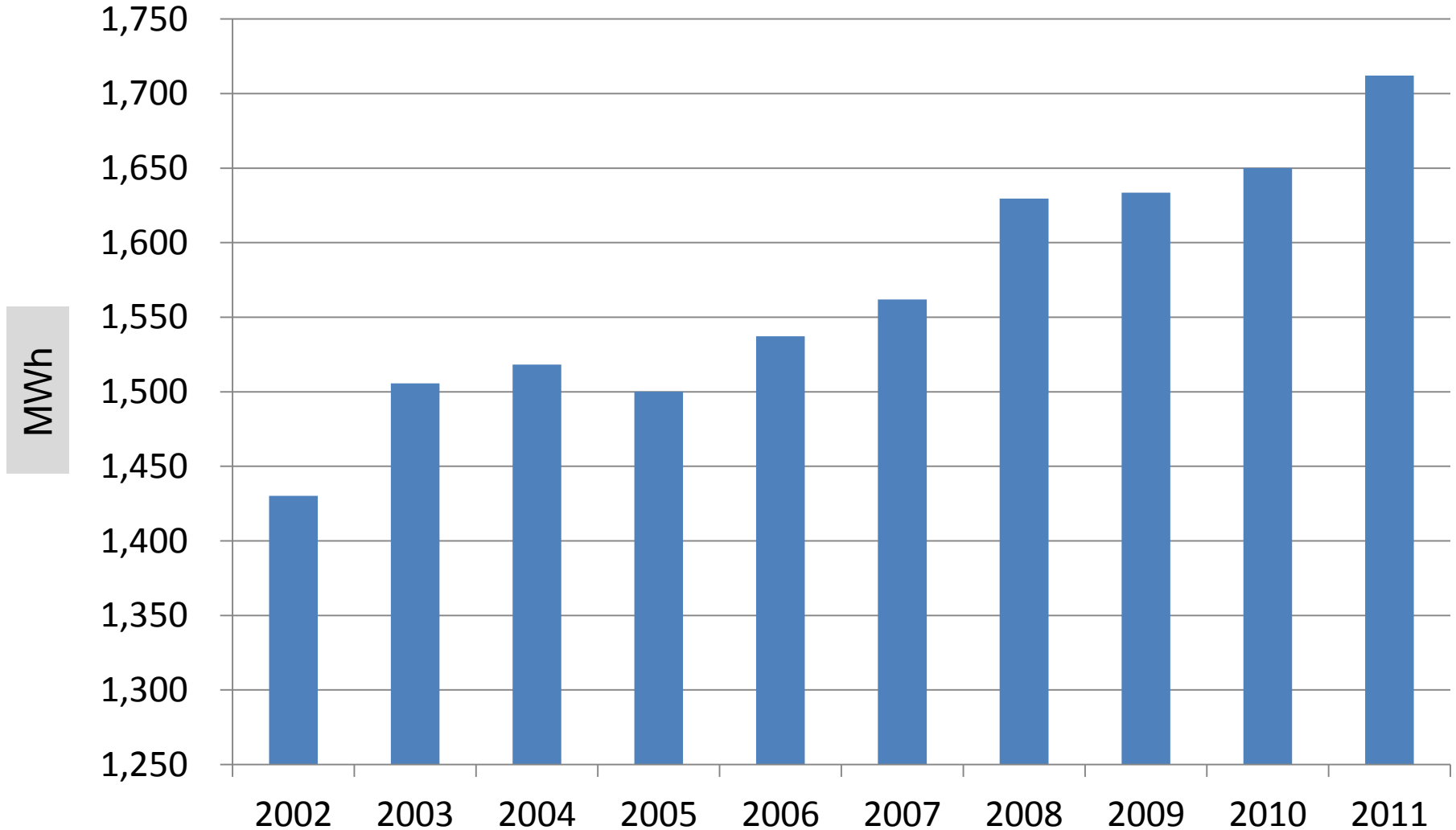
- Reliability (infrastructure in place)
- Power quality
- Flexibility to meet specific needs



# Growth in Electric Customers



# Growth in Electric Sales (MWh)



# Managing the Debt

- Since the early 1980s, GUC's portion of the NCEMPA debt has been incorporated into our electric rates.
- For over 30 years, through load management, industrial generation, growth and other cost-containment measures, GUC has successfully managed and paid its portion of the debt while maintaining competitive rates, high levels of service and supporting the economic growth of Greenville-Pitt County.

# Summary

- Competitive rates
- Safe, reliable service
- Sound financial management
- A catalyst for economic growth/  
industrial recruitment



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